

amph.
Econ.
B.



ADDRESS OF

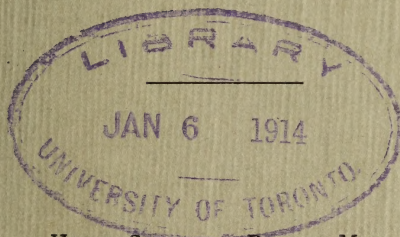
William C. Brown

President

New York Central Lines

AT DINNER OF

THE NEW ENGLAND RAILROAD CLUB



HOTEL SOMERSET, BOSTON, MASS.

WEDNESDAY EVENING, JANUARY 12, 1910

ADDRESS OF
WILLIAM C. BROWN

President
New York Central Lines

AT DINNER OF
THE NEW ENGLAND RAILROAD CLUB:
HOTEL SOMERSET, BOSTON, MASS.
WEDNESDAY EVENING, JANUARY 12, 1910.

MR. TOASTMASTER AND GENTLEMEN OF THE
NEW ENGLAND RAILROAD CLUB:

The most portentous cloud discernible upon the political or economic horizon at this time is the steady, relentless increase in price of everything that goes to make up the cost of living.

To New England, with its great manufacturing and mercantile interests, it is almost an unmixed menace, uncompensated as it is in many States where high prices for large agricultural production more than make up for increased cost to limited manufacturing interests.

During the ten years from 1898-1899 to 1908-1909, the United States has witnessed an almost continuous and uninterrupted advance in prices of the product of its farms, factories and mines. With a succession of bountiful harvests the price of grain has steadily ad-

vanced until the prices of 1908-1909 show increases over those of 1898 as follows:

Corn,	an increase of	111.2	per cent.
Oats,	"	85.1	"
Rye,	"	58.9	"
Barley,	"	34.1	"
Wheat,	"	59.5	"
Buckwheat,	"	68.0	"
Potatoes,	"	70.5	"
Hay,	"	49.7	"

With a full, normal increase and no disease or epidemic to deplete our flocks and herds, values have increased marvelously. Notwithstanding the advent of the automobile, horses and mules show an increase in value of more than 160 per cent. Milch cows show an increase in value of more than 9 per cent.; sheep, 24.7 per cent. and swine, 44 per cent.

The products of the forest make an equally marvelous showing: Yellow and white pine, hemlock, oak and poplar show an average advance of about 73 per cent.

Cotton goods, middling cotton, standard sheeting and drilling, bleached sheeting, standard prints, etc., show an increase of from 40 to 65 per cent.

Ohio fleece wool in the Eastern market shows an increase of 43 per cent.

Anthracite and bituminous coal have advanced 29 and 42 per cent., respectively; lard 113 per cent., pork 82 per cent., and tallow 55 per cent.

During this time farm land in all parts of the West and Middle West has fully doubled in value.

This list of increased costs might be extended to embrace almost everything grown or manufactured—almost every item of the thousands of things in which men barter and

trade. The increase has been almost continuous and rapid enough to cause very serious consideration as to the underlying cause.

This unusual phenomenon of steadily rising values in the face of a long succession of bountiful crops is one of the most important as well as interesting problems that confronts the political economist to-day, and to its solution may well be directed the most earnest consideration of every thoughtful man.

When the polls closed on that eventful November day in 1896, which marked the first defeat of Mr. Bryan, the American people had decided definitely and finally that gold should be the future measure of all values in this country. Since that time one country after another has followed the wise precedent thus established, and only about a year ago the far-off Siamese nation adopted the gold standard. It may be said truthfully that to-day gold is the measure of value the world over.

Economists agree that there is a direct relation between the quantity of the metal that is the basis of value and the general industrial condition; that, as the basic metal increases in quantity—and as a consequence decreases in purchasing power—the value, the price of everything measured by and paid for with that metal, is invariably enhanced in value.

The gold production of the world for the year 1896 was approximately \$202,251,600. For 1909 it was approximately \$445,000,000, an increase of 120 per cent. over the production of 1896.

The significance of these facts in their effect upon present and future values may be better comprehended when we recall the fact that gold is indestructible. In some form the gold that Columbus carried in the Caravels is in existence somewhere to-day; and the product

of each recurring year is added to the accumulation of all the years that have preceded it.

The crop of wheat, corn, oats and the other cereals grown in 1908 has been almost consumed. The coal mined last year has been burned, but the gold produced year after year piles up, is accumulated; and as it augments and accumulates it becomes cheaper—that is, as measured by the things for which it is exchanged. As it accumulates it takes more gold to buy a bushel of wheat, a suit of clothes, a pound of beefsteak, a sack of flour, or any of the other necessities of life.

For this reason the pay of labor has steadily advanced and must continue to advance in some fair ratio with the increase in the cost of the things that labor must buy. To put it in another way, wages must go up in about the same proportion that the purchasing power of the money the laborer earns goes down.

Judge David W. Fairleigh, of Kentucky, recently said in a paper on this important subject:

“Paradoxical as it may at first appear, this increase in the world’s production of gold means higher interest rates. This would seem to be a contradiction, since the proposition is: That a progressive *increase* in the *amount* of money will result in making it necessary to pay a higher price for the *use* of money.

“In its last analysis, however, the thing loaned by the bank or capitalist is simply a commodity, the value of which is fixed by the amount of other necessary commodities for which it can be exchanged. In order to protect himself, therefore, the lender must endeavor to exact in return, at the maturity of the loan, a sum that will equal the pur-

chasing power of the money at the time it was loaned, and in addition thereto, the usual rate of interest."

This influence will have comparatively little effect on demand and short time loans, but must very powerfully affect the interest rates on long term bonds, such as the railroads must sell to provide money for construction and improvement.

Every visible indication points to a continued increase in the production of gold.

Professor E. W. Parker, the expert in mining and metals of the United States Geological Survey, says:

"I am assured that the world's gold production to this date is not sufficient to have scratched the surface of the huge reserves that nature has scattered all over the earth."

Sixty-one years ago the discovery of gold in California drew multitudes to that far-off country, and they toiled painfully past the rich fields of Tonopah, Rawhide and Goldfield, little dreaming that they were passing undeveloped gold mines richer than any that awaited them on the western slope of the mountains.

A decade later, the slopes of Pike's Peak swarmed with men drawn by the reported discoveries of gold, and the plains from St. Joseph and Omaha to the foothills were dotted with caravans bearing that once familiar legend "Pike's Peak or bust."

A generation afterward Stratton developed the "Independence Mine;" and Cripple Creek, located under the very shadow of that lofty peak, became the richest gold camp on the continent.

The production of gold, once a matter of indefinite search and great hazard, the dream of the adventurer

and the argonaut, has become a matter of almost exact demonstration by the engineer and the chemist. Improved machinery, enlarged knowledge and use of chemical processes for treating refractory ore, and above all, improved transportation facilities, have made mining properties that, without them, would be worthless, the richest, most dependable gold producers in the world.

One whose experience, observation and study of the subject entitles his opinion to great weight, recently said:

“The experience of recent years together with the knowledge that science has given, concerning the distribution of gold-bearing ores, seems to justify the prediction that before the middle of the present century the world’s annual production of gold will be worth a round billion dollars.”

What it will mean if this prediction shall be fulfilled can in some measure be comprehended when it is remembered that the world’s total production of gold from 1492 down to 1909 is approximately thirteen and one-half billions of dollars. Thirteen years will produce almost as much gold as has been produced in 416 years. Who would attempt to predict the effect of such a condition upon the price of labor and commodities during the next 25 years?

Unquestionably, this great increase in the production of gold has powerfully influenced the values of everything in which men deal, and will continue to effect them so long as production continues to increase, or continues at its present volume.

The increase in cost, so far as it is produced by the increased volume of gold, is not a feature that need cause apprehension or alarm.

Everything save wages and fixed incomes from long-time securities continuously and almost coincidentally adjust themselves to the changing conditions resultant upon this influx of gold.

Wages are adjusted from time to time, and securities, as they mature, will be refunded upon a higher basis.

Another force is working for higher cost of living, more insistently, more powerfully, and with a sinister significance compared with which all others become negligible factors; and this is the alarming rapidity with which consumption of the products of the Nation's farms is overtaking production.

In a contribution to *The New York Times'* annual financial review, Mr. Geo. R. Holmes, Chief Division of Production and Distribution of the Department of Agriculture, speaking of the increase in price of farm products since the marked rise in values began, says:

"If farm animals and farm crops are combined, particularly wheat, the general average advance in price for all of them is 87 per cent. In the meantime all commodities increased only 23 per cent.; so it is ascertained that there has been a tendency of crops and animals on the farm to increase in value per unit at a much faster rate than all commodities have increased."

These statistics show that the failure to increase the product of our farms in anything like the ratio of increase in consumption, is exerting more than three times the effect upon the cost of living that the increase of gold is having.

In 1898 the United States planted about one hundred and fifty-two million acres of corn, wheat, oats, barley and rye. The yield averaged $22\frac{1}{2}$ bushels per

acre, aggregating three billion, four hundred and twelve million bushels, of which we exported almost five hundred and ninety-nine million bushels.

In 1908 the acreage of these cereals had increased to more than one hundred and ninety million acres. The yield per acre was slightly larger than in 1898; the aggregate production four billion, three hundred and thirty-nine million bushels; but our exports were only one hundred and sixty-nine million bushels, a decrease of 72 per cent.

The year 1909 saw the largest shipments of gold from this country that have ever been made in any one year in our history.

One hundred and thirty million dollars drawn from the treasure vaults of the nation and shipped abroad; and, of this amount, sixty million dollars has gone to South America; all except five millions of it to Argentina.

An eminent financial authority in New York, in commenting upon this movement of gold says:

“The proportion shipped to South America made the year 1909 unique in foreign exchange.”

The reason for this condition is apparent when it is known that for the year ended July 31, 1909, Argentina for the first time forged ahead of the United States, taking first place among the grain exporting countries of the world; and in addition to this, she shipped 60 per cent of all the meat consumed in Europe.

I doubt if any country in the world excels the United States in natural fertility of soil, or has a more favorable general climate; but with our careless, uninformed methods of seed selection, fertilization and cultivation, our farms produce an annual yield of less than 14

bushels of wheat per acre, as compared with 32 in England, 28 in Germany, 34 in the Netherlands and 20 in France.

The United States produces something less than 23 bushels of oats per acre, while England produces 42, Germany 46, and the Netherlands 53.

Potatoes, with wheat and corn, are a food staple of the poor man.

Germany, with an arable area of less than some of our largest States, produces more than seven times the number of bushels of potatoes that are produced in all the States.

The increased value of corn, wheat, oats and barley in the United States, provided the average yield per acre of the same crops in Germany had been raised, and assuming a production of 50 bushels of corn to the acre, would have amounted to three and one-quarter billion dollars for the crop of 1909; and, undoubtedly, this increased production of grain would have enabled this country to have held the first place as a meat exporting nation, which we have been compelled to surrender to Argentina.

The seriousness of the situation cannot be overstated.

An alarm should be sounded from the Atlantic to the Pacific, and from our northern boundaries to the Gulf, arousing the farmers to the country's necessities, to their own opportunities and possibilities.

Experimental farms should be established in every county of every State, where the most modern methods of fertilization and cultivation and the result of such methods can be demonstrated, and where every farmer in the country can *see* exactly how it is done—instead of being told in books or lectures how it can be done.

If the converging lines of production and consump-

tion in the United States continue to approach each other as they have during the past ten years, before the middle of the decade upon which we have just entered has been reached, the last vessel loaded with the agricultural products of this country will have left our shores, the great exporting grain elevators in our seaboard cities will stand empty, and this great Nation, like those of the old world, will be looking for a place to buy the necessities of life.

All these facts, startling and discreditable as they seem, would, without some qualification or explanation, be regarded as a severe criticism of the farmers of the nation.

Nothing is further from my mind. My boyhood was spent among the farmers on the Western frontier. I know of their hardships and privations, their struggles, heroic as any history records, against obstacles and discouragements, scantily appreciated by the generation that has followed them.

In the light of present high prices of farm products, the abandoned and impoverished farms of the Eastern States, and the half-cultivated farms of the West, seem utterly incomprehensible and inexcusable; but let us take a look backward only a few years and these things will not seem so strange.

From the earliest settlement here in New England and the development of that fringe of population along the Atlantic coast, until within the past ten years, vast areas of the most fertile lands in the world, located just a little further west, have constantly beckoned to the farmers of the East, and thousands have responded to the call.

The marvelous extension and development of railroads through the Middle West during the ten years

following the close of the Civil War, opening up and making easily accessible empires of this rich land, marvelously stimulated emigration; and each new railroad, each extension of existing railroads, was followed by the location of thousands of settlers and the opening up and cultivation of millions of acres of new land.

The result that followed was inevitable. The products of the Nation's farms soon so far exceeded the demand for them that prices fell far below the bare cost of production.

I have seen as good corn as the States of Iowa, Kansas and Nebraska ever grew sell for ten to twelve cents per bushel, and it was a drug on the market at that price.

I have seen this corn burned for fuel on the farm, because it was cheaper than wood or coal.

Is it strange that such conditions resulted in a ruinous collapse in farm values in Pennsylvania, New York and New England, or that they begot methods or habits of unthrift and improvidence in the cultivation of the soil in the West?

These conditions prevailed not only in our own country, but abroad.

Railroads were being built in Russia, Australia, Argentina, India and New Zealand, and cheap land with its cheap product competed in every market on the globe.

Fifty years ago, in an address delivered before the Wisconsin State Agricultural Society, Abraham Lincoln said:

“My first suggestion is an inquiry as to the effect of greater thoroughness in all departments of agriculture than now prevails in the Northwest—perhaps I might say in America. To speak within bounds, it is known that fifty bushels of wheat, or one hundred bushels of corn can be produced from an acre.

Take fifty of wheat and one hundred of corn to be the possibility, and compare it with the actual crops of the country. I have seen it stated in a patent office report that eighteen bushels (of wheat) was the average crop through the United States.

"As to indian corn, and indeed most other crops, the case has not been much better. It is true that, heretofore, we have had better crops with no better cultivation; but I believe it is also true *that* the soil has never been pushed up to one-half of its capacity.

"What would be the effect upon the farming interest to push the soil up to something near its full capacity? Unquestionably, it will take more labor to produce fifty bushels from an acre than it will to produce ten bushels from the same acre, but will it take more labor to produce fifty bushels from one acre than from five?

"Unquestionably, thorough cultivation will require more labor to the acre; but will it require more to the bushel?

"If it should require just as much to the bushel, there are some probable, and several certain, advantages in favor of thorough practice.

"It is probable it would develop those unknown causes, which of late years have cut down our crops below their former average.

"It is almost certain, I think, that by deeper plowing, analysis of the soil, experiments with manures and varieties of seeds, observance of seasons and the like, these causes would be discovered and remedied.

"The thought recurs that education, cultivated thought, can best be combined with agricultural labor, or any labor, on the principle of thorough

work; and thorough work again renders sufficient the smallest quantity of ground to each man, and this again conforms to what must occur in a world less inclined to war, and more devoted to the arts of peace, than heretofore.

“Population must increase rapidly, more rapidly than in former time, and ere long the most valuable of all arts, will be the art of deriving a comfortable subsistence from the smallest area of soil.

“No community whose every member possesses this art can ever be the victim of oppression in any of its forms. Such community will be alike independent of crowned kings, money kings, and land kings.”

These words of Mr. Lincoln could not have appealed very strongly to the farmers of Wisconsin or the neighboring states, when land and its products were about the cheapest thing in which men dealt.

Why expend money or especial effort to increase production when the most indifferent farming produced more than could be used and the surplus in many cases would not bring the bare cost of production? Why spend money in building up and enriching the soil when, for two thousand miles, from the Mississippi to the Pacific, land as rich and fertile as the best on earth could be had for asking?

Fifty years later this admonition, under the changed conditions, comes with the force and significance of prophesy, because it applies now to a vital, burning question in which lie the issues of national life or death.

When these words were spoken, and for thirty years following, production exceeded consumption and there was a steady, continuous, heart-breaking decline in values of the thing produced.

Now, and for ten years past, consumption is over-

taking production with alarming rapidity, and values are rising by leaps and bounds.

Then increased consumption could be provided for by increased acreage; now this is impossible. Increased consumption can only be met by increased production on substantially our present acreage.

Then the outlook for agricultural improvement in the eastern states was dark and almost hopeless; the market was limited, prices low and the tendency was always down. Now the market is unlimited at liberal and steadily advancing prices.

Then there was a reason for cheap land in this and other eastern states; now every acre of agricultural land, worn out and impoverished, as much of it is, is worth \$100 per acre to build up and replenish.

Then there was little incentive to fertilize and maintain the soil by the use of commercial fertilizers; now these expenditures will pay an hundred fold.

Then the choice between the expense and work of maintaining the fertility of the soil in the older states, or opening up and cultivating the rich virgin soil in the West, was a legitimate one.

Now no such choice is possible. The vacant land is practically all occupied. The day of the settler and the homesteader has passed. Increased consumption can no longer be provided for by multiplying acres.

There is no alternative—we must increase production per acre by more intelligent methods, or we must face the relentless, certain day when we shall not produce food enough to supply our own necessities.

For the year just closed, the product of the nation's farms approximated nine billion dollars in value. No man who has made this subject a study doubts that this could be doubled without increase of acreage!

Mr. J. J. Hill, in a recent article published in the *World's Work*, in speaking of the importance of this campaign of better agricultural methods, said:

"The man who assumes to be the farmer's friend, or who holds his interests dear, will constitute himself a missionary of the new dispensation. It is an act of patriotic service to the country. It is a contribution to the welfare of all humanity. It will strengthen the pillars of a government that must otherwise be endangered by some popular upheaval when the land can no longer sustain the population that its bosom bears. Here lies the true secret of our anxious interest in agricultural methods; because, in the long run, they mean life or death to future millions who are no strangers or invaders, but who are our own children's children, and who will pass judgment upon us according to what we have made of the world in which their lot is to be cast."

Is it possible to exaggerate, to magnify the importance of this subject? Can the imagination conceive of a duty of higher, broader patriotism or one that involves more far-reaching comprehensive philanthropy?

In every great national emergency, from the day the hastily assembled farmers faced the organized army of Great Britain on yonder hill, Boston and New England have been first to act!

In this crisis, which, fully understood, is as grave as any that the country has ever known, a lantern will again flash its message of warning and another Paul Revere will sound the alarm—once more arousing the farmers to the danger that impends, and, as in all the years of the past the farmer has responded to the nation's need, so now he will respond again!

The James Kempster Print.
